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OTHER FUNDS AND PROGRAMMES

UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION

Offshore Exploration for Heavy Minerals in the Beruwala and
Devinuwara Areas in Sri Lanka (SRL/88/NO1)

Recommendation of the Administrator

I. BACKGROUND

1. In 1978, the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) received a request from the Government of Sri Lanka to carry out a project of exploration for heavy mineral deposits in northern Sri Lanka.
2. Following several identification missions by the Revolving Fund staff, accompanied by experts from the French Bureau de recherches géologiques et minières (BRGM) to selected areas with the greatest possibilities of exploration success, the Government and UNRFNRE came to an agreement on a project recommendation for exploration work in the Beruwala and Devinuwara areas in Sri Lanka.
3. The areas selected are located about 50 and 140 kilometres south of Colombo in the south-western part (Area I, Beruwala), and in the southern part (Area II, Devinuwara). Heavy minerals are found as layers in the beach sands in these areas. The most important minerals of economic interest are monazite, ilmenite, rutile and zircon. Previous work carried out by the National Aquatic Resources Agency and reviewed by the consultant of BRGM provided sufficient evidence of distribution and potential of heavy minerals in the two areas. Heavy mineral placers rich in monazite on the south-western coast of Sri Lanka have been known for a long time and have been exploited economically since 1918. The location of the heavy mineral beach sand deposits in Beruwala and Devinuwara makes possible easy extraction and recovery of monazite, ilmenite, rutile and zircon, all

attractive commodities. Low mining costs and good access are expected. The heavy mineral concentrates which would result are readily saleable on foreign exchange markets. The project agreement between the Revolving Fund and the Government of Sri Lanka is to be signed in late April or early May 1991.

4. The exploration programme proposed for Sri Lanka, consisting of sampling and analysis of beach sands, poses no significant threat to the environment. Should this project lead to future exploitation of the beach sands, however, the Revolving Fund's environmental guidelines, which are being finalized, could be used by the Government to assess the potential environmental impact of mining this resource.

II. THE PROJECT

5. The principal objective of the project will be to identify beach sands containing heavy mineral reserves of economic interest. Monazite, ilmenite, rutile and zircon are the most important economic minerals.

6. The Minimum Work will last about 10 months and will include the following activities:

- (a) Purchase of equipment, recruitment and compilation of existing data;
- (b) A total of 300 kilometres of lines of bathymetric and high resolution seismic profiling from near shore to a water depth of about 40 metres;
- (c) A total of 150 kilometres of traverses of continuous radiometric measurements;
- (d) Collection of 50 vibrocore samples;
- (e) Collection of 20 airlifted samples;
- (f) Analysis and study of mineral components.

7. In carrying out the Minimum Work described above, the Revolving Fund will expend the equivalent of \$360,000 to finance the services of nationally and internationally recruited staff, as well as to provide the necessary equipment, supplies and supporting services.

8. If the results of the Minimum Work are favourable, in order to define and evaluate more accurately the economic potential of individual deposit(s) to the point where, in the opinion of the Revolving Fund, development investment can be attracted, it is estimated that an additional expenditure of up to \$1,200,000 will then be required.

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III. FINANCIAL DATA

<u>UNRFNRE allocation</u>	\$
Minimum Work	360 000
Possible additional expenditure for further activities following the Minimum Work	1 200 000
Total possible cost of the project	<u>1 560 000</u>

9. It should be noted that the Administrator of the United Nations Development Programme (UNDP), in accordance with Governing Council decision 80/29 of 26 June 1980, approved the Minimum Work for the project on 10 April 1990. The financial assets of the Revolving Fund are adequate to meet the cost of the project.

IV. RECOMMENDATION OF THE ADMINISTRATOR

10. In light of the above, the Administrator recommends that the Governing Council take note of the approval by the Administrator of the Minimum Work for the project, Offshore Exploration for Heavy Minerals in the Beruwala and Devinuwara Areas in Sri Lanka (SRL/88/N01), at a cost of \$360,000, as an obligation of the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE). In addition, the Administrator recommends that the Governing Council approve possible additional expenditure, estimated at \$1,200,000, for further activities following the Minimum Work.
